

HOUSE BILL No. 1139

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-37-10; IC 14-33-10-3; IC 36-9-36; IC 36-9-37.

Synopsis: Property tax late payment penalty. Reduces the late payment penalty from 10% to 5% for property taxes fully paid not later than 90 days after the due date.

Effective: July 1, 2006.

Leonard

January 5, 2006, read first time and referred to Committee on Ways and Means.

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Introduced

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

HOUSE BILL No. 1139

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-37-10 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 10. (a) Except as
3 provided in **subsection (g) and** section 10.5 of this chapter, if an
4 installment of property taxes is not completely paid on or before the
5 due date, a penalty equal to ten percent (10%) of the amount of
6 delinquent taxes shall be added to the unpaid portion in the year of the
7 initial delinquency.

8 (b) With respect to property taxes due in two (2) equal installments
9 under IC 6-1.1-22-9(a), on the day immediately following the due dates
10 in May and November of each year following the year of the initial
11 delinquency, an additional penalty equal to ten percent (10%) of any
12 taxes remaining unpaid shall be added. With respect to property taxes
13 due in installments under IC 6-1.1-22-9.5, an additional penalty equal
14 to ten percent (10%) of any taxes remaining unpaid shall be added on
15 the day immediately following each date that succeeds the last
16 installment due date by:

17 (1) six (6) months; or

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1 (2) a multiple of six (6) months.

2 (c) The penalties under subsection (b) are imposed only on the
3 principal amount of the delinquent taxes.

4 (d) If the department of local government finance determines that
5 an emergency has occurred which precludes the mailing of the tax
6 statement in any county at the time set forth in IC 6-1.1-22-8, the
7 department shall establish by order a new date on which the installment
8 of taxes in that county is due and no installment is delinquent if paid by
9 the date so established.

10 (e) If any due date falls on a Saturday, a Sunday, a national legal
11 holiday recognized by the federal government, or a statewide holiday,
12 the act that must be performed by that date is timely if performed by
13 the next succeeding day that is not a Saturday, a Sunday, or one (1) of
14 those holidays.

15 (f) A payment to the county treasurer is considered to have been
16 paid by the due date if the payment is:

17 (1) received on or before the due date to the county treasurer or a
18 collecting agent appointed by the county treasurer;

19 (2) deposited in the United States mail:

20 (A) properly addressed to the principal office of the county
21 treasurer;

22 (B) with sufficient postage; and

23 (C) certified or postmarked by the United States Postal Service
24 as mailed on or before the due date; or

25 (3) deposited with a nationally recognized express parcel carrier
26 and is:

27 (A) properly addressed to the principal office of the county
28 treasurer; and

29 (B) verified by the express parcel carrier as:

30 (i) paid in full for final delivery; and

31 (ii) received on or before the due date.

32 For purposes of this subsection, "postmarked" does not mean the date
33 printed by a postage meter that affixes postage to the envelope or
34 package containing a payment.

35 **(g) If payment of an installment of property taxes referred to in**
36 **subsection (a) is completed after the due date and before the date**
37 **that succeeds the due date by ninety (90) days, the penalty under**
38 **subsection (a) is five percent (5%) of the amount of delinquent**
39 **taxes.**

40 SECTION 2. IC 14-33-10-3 IS AMENDED TO READ AS
41 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 3. (a) An assessment
42 not paid in full shall be paid in annual installments over the time

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commensurate with the term of the bond issue or other financing determined by resolution adopted by the board. Interest shall be charged on the unpaid balance at the same rate per year as the penalty charged on delinquent property tax payments under ~~IC 6-1.1-37-10~~. **IC 6-1.1-37-10(a).** All payments of installments, interest, and penalties shall be entered on the assessment roll in the office of the district.

(b) Upon payment in full of the assessment, including interest and penalties, the board shall have the lien released and satisfied on the records in the office of the recorder of the county in which the real property assessed is located.

(c) The procedure for collecting assessments for maintenance and operation is the same as for the original assessment, except that the assessments may not be paid in installments.

SECTION 3. IC 36-9-36-37 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 37. (a) Except as provided in section 38 of this chapter, the entire assessment is payable in cash without interest not later than thirty (30) days after the approval of the assessment roll by the works board if an agreement has not been signed and filed under section 36 of this chapter.

(b) If the assessment is not paid when due, the total assessment becomes delinquent and bears interest at the rate prescribed by ~~IC 6-1.1-37-10~~ **IC 6-1.1-37-10(a)** per year from the date of the final acceptance of the completed improvement by the works board.

SECTION 4. IC 36-9-36-55 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 55. (a) An irregularity or error in making a foreclosure sale under this chapter does not make the sale ineffective, unless the irregularity or error substantially prejudiced the property owner.

(b) A property owner has two (2) years from the date of sale in which to redeem the owner's property. The property owner may redeem the owner's property by paying the principal, interest, and costs of the judgment, plus interest on the principal, interest, and costs at the rate prescribed by ~~IC 6-1.1-37-10~~. **IC 6-1.1-37-10(a).**

(c) If the property is not redeemed, the sheriff shall execute a deed to the purchaser. The deed relates back to the final letting of the contract for the improvement and is superior to all liens, claims, and interests, except liens for taxes.

SECTION 5. IC 36-9-37-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 19. (a) If a person defaults in the payment of a waived installment of principal or interest of an assessment, the municipal fiscal officer shall mail notice of the default to the person. The notice must meet the following

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conditions:

- (1) Be mailed not more than sixty (60) days after the default.
- (2) Show the amount of the default, plus interest on that amount for the number of months the person is in default at one-half (1/2) the rate prescribed by ~~IC 6-1.1-37-10~~ **IC 6-1.1-37-10(a)**.

(3) State that the amount of the default, plus interest, is due by the date determined as follows:

(A) If the person selected monthly installments under ~~IC 36-9-37-8.5(a)(1)~~, **section 8.5(a)(2) of this chapter**, within sixty (60) days after the date the notice is mailed.

(B) If the person selected annual installments under ~~IC 36-9-37-8.5(a)(2)~~, **section 8.5(a)(1) of this chapter**, within six (6) months after the date the notice is mailed.

(b) A notice that is mailed to the person in whose name the property is assessed and addressed to the person within the municipality is sufficient notice. However, the fiscal officer shall also attempt to determine the name and address of the current owner of the property and send a similar notice to the current owner.

(c) Failure to send the notice required by this section does not preclude or otherwise affect the following:

- (1) The sale of the property for delinquency as prescribed by IC 6-1.1-24.
- (2) The foreclosure of the assessment lien by the bondholder.
- (3) The preservation of the assessment lien under section 22.5 of this chapter.

SECTION 6. IC 36-9-37-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 20. (a) If any principal and interest, or an installment of principal and interest, is not paid in full when due, the municipal fiscal officer shall enforce payment of the following:

- (1) The unpaid amount of principal and interest.
- (2) A penalty of interest at the rate prescribed by subsection (b).

(b) If payment is made after a default, the municipal fiscal officer shall also collect a penalty of interest on the delinquent amount at one-half (1/2) the rate prescribed by ~~IC 6-1.1-37-10~~ **IC 6-1.1-37-10(a)** for each six (6) month period, or fraction of a six (6) month period, from the date when payment should have been made.

SECTION 7. [EFFECTIVE JULY 1, 2006] **IC 6-1.1-37-10, as amended by this act, applies only to ad valorem property taxes first due and payable after December 31, 2006.**

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